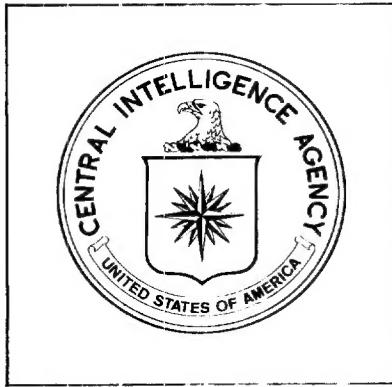


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Western Europe Canada International Organizations

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NOCONTRACT/ORCON

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WESTERN EUROPE – CANADA – INTERNATIONAL ORGANIZATIONS

This publication is prepared for regional specialists in the Washington community by the Western Europe Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Friction Between Greek Political Parties and
Government Increases

Extremists on the left and the right have stepped up the frequency and pitch of their attacks against each other and against the government. Each group accuses the government of collaborating with the other. Although concerned about the affects of increased polarization on his government, Caramanlis seems determined to maintain his middle-of-the-road position.

The present campaign is spearheaded by the far right through its newspaper "Eleftheros Kosmos" which supported the junta. The newspaper has repeatedly charged that communism is making unprecedented inroads in Greece, particularly among students, labor, and the news media. It has taken the government--particularly certain cabinet ministers--to task for allegedly coddling and even encouraging the communists. The paper has also revived the potentially volatile issue of the monarchy which has been dormant since its overwhelming repudiation in a referendum last December. A monarchist organization called "Royal Union" and several pro-monarchist periodicals have sprung up recently.

Elements of the left have responded in kind to these attacks and charged the government with re-establishing a fascist state. Privately, they are concerned that Caramanlis may in fact succumb to rightist pressure and crack down on the left.

The government has warned the public not to be fooled by the rhetoric of either extreme and charged that both aim at undermining stable democratic government in Greece. Privately, Caramanlis has

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expressed particular concern about the machinations of the far right and the possibility that junta supporters and monarchists might unite against him. The Prime Minister has reportedly admitted that the monarchy issue was still a very sensitive one that could pose problems for his government.

Thus far, Caramanlis has generally ignored the attacks from the right and cautioned other newspaper publishers to avoid polemics with "Eleftheros Kosmos" in the hope its campaign against the government will gradually die out. At the same time, he seems inclined to continue his policy of containing communist influence but not crushing it as the right demands. He sees the growth of communism--not substantial by West European standards--as part of the price of democracy.

Relations between the far left and far right will probably become further exacerbated on Monday when leftists participate in demonstrations--some aimed at the US embassy--marking the second anniversary of the student uprising that resulted in some 30 deaths and the toppling of one junta by another.
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Court to Hear Dispute Between Austrian Chancellor
and Nazi Hunter

The dispute between Chancellor Kreisky and Jewish Documentation Center chief Simon Wiesenthal is headed for the courts. Wiesenthal filed suit this week and the court is expected to begin proceedings early next year.

The case grew out of charges by Wiesenthal last month that Friedrich Peter--chairman of the Austrian Liberal Party and a potential political ally of Kreisky's--had committed atrocities while a member of the SS in World War II. Although Peter admits that he belonged to the SS, he denies the atrocity charges.

Kreisky, a non-practicing Jew, quickly came to Peter's defense, saying he would waive his legal immunity and testify in Peter's behalf. In addition, Kreisky charged that Wiesenthal had collaborated with the Nazis during the war and that he had obtained his Austrian citizenship illegally.

Some of Kreisky's colleagues in his own Socialist Party have questioned the wisdom of their leader's action. About 40 prominent Socialist Party members have publicly associated themselves with a call for Peter's retirement from political life.

The reason for the Chancellor's actions are not clear. If Kreisky and the Socialists had failed to win a majority in last month's national election, he might have needed Peter's

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support in a coalition. The Socialists, however, won a clear majority, obviating the necessity of relying on the support of the Liberals.

One possible explanation might be Kreisky's assessment of the public mood in Austria which appears to be one of trying to forget Vienna's association with the Third Reich. Furthermore, many Austrians probably collaborated in one way or another during World War II and Wiesenthal's continuing revelations could endanger some prominent reputations. Kreisky admitted as much when he told the press that Wiesenthal's "constant scandals" had damaged Austria abroad.

If Wiesenthal is discredited, he might be persuaded to move his operations elsewhere or at least cease to be a disruptive influence in national life. Should Wiesenthal win in court, on the other hand, Peter's political career almost certainly would be over and Kreisky and the Socialists would loose prestige at home and abroad. (CONFIDENTIAL)

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Christian Democratic-Communist Rivalry Making Italian
Labor Negotiations More Difficult

Negotiations for the renewal of labor contracts involving about a quarter of the Italian work force are being complicated by sharp divisions within organized labor over what line to take in the talks. The dispute reflects not only differences over bargaining strategy but also competition for influence in the labor movement between the Christian Democratic and Communist-dominated labor confederations.

Labor is represented in the negotiations by a federation that includes both organizations but which is, in fact, dominated by the Communist one. As part of their effort to stress a responsible approach to the country's economic problems, Communist labor leaders have used their influence to have the federation push for job security measures rather than excessive wage increases. The government and employers have generally welcomed that policy but it has met with increasing opposition from the rank-and-file in the federation and from unions that are not affiliated with it.

At least some of the widespread strike activity now affecting Italy--the week opened with over a million workers on strike--is part of an effort by the federation leadership to satisfy rank-and-file pressure for a more militant stance.

But the federation's moderate line is also threatened by growing rivalry within the organization between Communist and Christian Democratic labor leaders. The Communists' dramatic gains in the local

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elections last summer appear to have dampened Christian Democratic enthusiasm for the labor unity movement that gave birth to the federation three years ago.

As a result, leaders of the Christian Democratic confederation are now taking pains to stress their independence from the Communists. Ironically, however, this is leading the Christian Democrats to urge the federation to adopt a more militant policy, since the Communists have already preempted the middle ground.

At the same time, the Christian Democratic labor confederation seems to be reviving its interest in party affairs--which has flagged as the labor unity movement has gone forward. Its leader--Bruno Storti--recently joined a group of party activists who are trying to restore Christian Democratic ties to industrial workers. The weakening of these ties in recent years has made it more difficult for the Christian Democrats to compete electorally with the left.

As long as the dispute in the labor movement continues, Prime Minister Moro will need all of his tactical skill to avoid additional strains on his government, which includes supporters of both sides. Moro has been successful in the preliminary talks, but the stiffest challenges will come between now and December when most of the actual contracts will be negotiated. (CONFIDENTIAL)

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Dutch To Try French Aircraft Representative

After a year-long investigation, the Dutch Justice Ministry has given the green light to start legal proceedings against Jan Botterman, the local representative of Dassault, the French aircraft manufacturer.

Botterman was accused last October of trying to bribe two Dutch members of parliament in an effort to get them to support the purchase of the Mirage to replace the F-104 fighter. No date has been set as yet for the trial. If convicted, Botterman faces a maximum penalty of two-years imprisonment or a fine of approximately \$7,500. (UNCLASSIFIED)

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Scattered Local Elections in Italy on Sunday

Municipal elections will be held in 125 small Italian towns on Sunday. Although the contests are of marginal significance--less than one percent of the electorate is involved--the results will be reviewed carefully in Italy, as this is the first time that Italians have gone to the polls since the Communists scored unprecedented gains in nationwide local elections last June.

The small sample of voters involved will make it impossible to determine whether the trend toward the left is continuing, but, in any case the Italian media and some politicians will attach significance to the results if they point clearly in any direction. The outcome could have some effect on public opinion as the parties prepare for more widespread and important local races in the spring.

From the US perspective, the most interesting contest will be in the small Sardinian town of La Maddalena--the site since 1972 of a US nuclear submarine tending facility. Although the existence of the facility has not been a major issue in the campaign, the Communist Party and Italian environmentalists have in the past attacked the US presence on various grounds, including their claim that the facility poses the threat of nuclear pollution. The Christian Democrats won an absolute majority in La Maddalena in 1970, but support for them seems to be slipping. (CONFIDENTIAL)

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